

Message Text

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ORIGIN STR-07

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PA-01 CTME-00 AID-05 SS-15 ITC-01 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 NEA-11 NSCE-00
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USMTN

E.O. 11652: N/A

TAGS:ETRD, MTN

SUBJECT: ROMANIAN CONTRIBUTIONS TO THE MTN

REF: GENEVA 07854

1. ON BALANCE PETRESCOU'S ORAL FORECAST OF ROMANIAN MTN
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CONTRIBUTION (OUTLINED IN REFTTEL) CONTAINS NO SURPRISES.
HOWEVER, POSSIBLE ROMANIAN ADHERENCE TO IMPORT LICENSING
CODES IS NEW AND IT WOULD BE USEFUL IF MTN DEL PROBED
PETRESCOU FURTHER ON THIS.

2. CONCERNING OUR NTM REQUESTS, MTN DEL SHOULD PRESS
ROMANIANS FOR MORE FAVORABLE RESPONSE IN THE FOLLOWING

AREAS:

(A) EXCHANGE RATE DIFFERENTIAL: USG DOES NOT CONSIDER ITS EXCHANGE CONTROL REQUESTS OF ROMANIA TO BE INAPPROPRIATE TO THE MTN. WHILE WE DID NOT REQUEST CHANGES IN OTHER COUNTRIES' MULTIPLE EXCHANGE RATES APPROVED FOR BOP REASONS BY IMF, THIS DOES NOT PRECLUDE US FROM REQUESTING THEM OF EE'S FOR WHOM MTN APPROACH HAS, BY NECESSITY, BEEN DIFFERENT. ADDITIONALLY, WHILE UNDER ARTICLE XV:2, GATT CP'S "SHALL ACCEPT THE DETERMINATION OF THE FUND AS TO WHETHER ACTION BY A CONTRACTING PARTY IN EXCHANGE MATTERS IS IN ACCORDANCE WITH THE ARTICLES OF AGREEMENT OF THE INTERNATIONAL MONETARY FUND, . . . " THE USG IS NOT PROHIBITED BY THE GATT FROM SEEKING ADEQUATE RECIPROCITY IN THE MTN THROUGH A REQUEST FOR ROMANIA'S MODIFICATION IN ITS EXCHANGE RATES. WE CONSIDER DIFFERENCES IN RATES APPLIES TO FTO'S AND ITINERANT BUSINESSMEN TO BE NONTARIFF DISTORTIONS OF INTERNATIONAL TRADE. ROMANIA'S MULTIPLE RATES SIGNIFICANTLY INCREASE THE FOREIGNER'S COST OF DOING BUSINESS THERE, AND, SIMULTANEOUSLY, ARTIFICIALLY INCREASE THE COMPETITIVENESS OF ROMANIAN GOODS IN THE UNITED STATES AND THIRD COUNTRY MARKETS. WHILE WE WELCOME THE NARROWING OF THE EXCHANGE RATE DIFFERENTIAL TO 12-18, WE DO NOT CONSIDER IT TO BE SUFFICIENT AND THEREFORE SEEK THE ELIMINATION OF SUBSTANTIAL NARROWING OF THIS DIFFERENTIAL BY ROMANIA.

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(B) BALANCE OF PAYMENTS DATA: FOREIGN FIRMS INITIALLY SEEKING TO EXPORT TO ROMANIA OR ATTEMPTING TO CONCLUDE CONTRACTS WITH FTO'S MAY FIND THEIR COMPETITIVENESS IMPAIRED IF THEY MUST FIRST TAKE TIME TO SEARCH OUT KEY BALANCE OF PAYMENTS DATA THAT ARE NOT OTHERWISE AVAILABLE IN A CENTRAL DATA BANK SUCH AS THE IMF'S INTERNATIONAL FINANCIAL STATISTICS. GOR SHOULD ALSO BE AWARE THAT B/P DATA ARE USUALLY READILY AVAILABLE FROM EVEN THE MOST UNDERDEVELOPED COUNTRY. USG WONDERS IF THE LACK OF EASILY OBTAINABLE B/P DATA DOES NOT SERVE TO ACTUALLY INCREASE "PRESS SPECULATION" AND HAMPER ROMANIA'S EFFORTS TO OBTAIN NECESSARY FOREIGN CREDITS. MOREOVER, THE INDICATION THAT FOREIGN FIRMS "HAVE NO DIFFICULTY OBTAINING KEY DATA . . . FROM ROMANIAN GOVERNMENT IF LATTER ANXIOUS TO FACILITATE THE CONTRACT . . . " APPEARS TO BE DISCRIMINATORY.

(C) MONTHLY FOREIGN TRADE STATISTICS: WHILE THE USG WELCOMES ROMANIA'S OFFER TO PUBLISH FOREIGN TRADE STATISTICS MORE FREQUENTLY, WE WOULD ALSO SEEK END-OF-YEAR COMPLETE REPORTING ON A PRODUCT BY COUNTRY BASIS IN

ORDER TO FACILITATE FOREIGN BUSINESSMEN'S EXPORT AND
INVESTMENT PLANNING.

(D) USG WELCOMES ROMANIA'S POSITIVE RESPONSE TO OUR
REQUESTS FOR DIRECTORIES, FOREIGN TRADE STATISTICS AND
TEMPORARY ROMANIAN EMPLOYEES BUT BELIEVES THAT GOR MUST
BE MORE FORTHCOMING IN ORDER TO ACHIEVE AN OVERALL
LEVEL OF RECIPROCITY CONSISTENT WITH BENEFITS ACCRUING
TO GOR FROM THE U.S. OFFER WITHIN MTN TIMEFRAME.

3. MTN DEL IS CORRECT THAT WE SHOULD INSIST ON A WRITTEN
SUMMARY OF ROMANIAN OFFERS BY JULY 15. HOWEVER, IT
SHOULD BE EMPHASIZED TO THE ROMANIANS THAT IT WOULD BE

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IN THEIR OWN INTEREST TO TABLE A WRITTEN OFFER AS SOON
AS POSSIBLE, PREFERABLY BEFORE JUNE 15. HEARINGS ON
RENEWAL OF U.S.-ROMANIAN TRADE AGREEMENT ARE NOW SCHEDULED
FOR JUNE 15 IN THE HOUSE, AND ARE EXPECTED BY LATE JUNE
IN THE SENATE. UNDER SECTION 405 B (1) (B) OF THE TRADE
ACT, RENEWAL IS CONDITIONED ON SATISFACTORY RECIPROCITY
BY ROMANIA OF U.S. CONCESSIONS IN MTN. THOUGH ROMANIAN
GOVERNMENT RECENTLY REAFFIRMED ITS OBLIGATION IN TRADE
AGREEMENT TO RECIPROCATATE U.S. CONCESSIONS IN MTN, THERE
IS CLEAR NEED FOR ADMINISTRATION TO BE ABLE TO DEMONSTRATE
TO CONGRESS SERIOUSNESS OF GOR IN NEGOTIATIONS AND THAT
VISIBLE PROGRESS IS BEING MADE. A WRITTEN OFFER BEFORE
JUNE 15 WOULD GO A LONG WAY TOWARD PROVING GOR'S INTENTION
TO ACHIEVE OVERALL RECIPROCITY WITH U.S. HOUSE WAYS
AND MEANS STAFFERS, AT RECENT MEETING WITH USG REPRESENTATIVES,
EMPHASIZED STRONGLY AND REPEATEDLY THE NEED
FOR A CONCRETE AND FORTHCOMING OFFER FROM THE ROMANIANS
IN ADVANCE OF THE HEARINGS. VANCE

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